

UK Gender Pay Report 2023





Introduction

Since its inception in 2005, Lancashire has had a strong focus on diversity, equity and inclusion. As a growing business, we aim to attract, develop and retain people who bring a wide range of diverse talents to the Group and are committed to delivering a respectful, rewarding and inclusive work environment.

We have put people and culture at the heart of our strategy, with our aim to be the insurance market employer of choice being one of our three strategic priorities.

Ensuring we have a gender-balanced team is an important part of this and we are pleased to be sharing Lancashire's first gender pay gap report for our business in the UK.

We know that we have a way to go to close this gap but we are making progress, particularly in relation to improving senior female representation which we track by participating in the FTSE Women Leaders Review.

We have increased gender diversity on the Group Executive Committee, which now has 56% female representation. Overall 45.5% of the Group Executive Committee and their direct reports are female.

As we work to close our pay gap, we are implementing steps to ensure that we address gender representation in positions which attract higher salaries and larger bonuses.

I confirm that the information and data provided is accurate and in line with mandatory requirements.

Alex Maloney
Group Chief Executive Officer

Gender Pay 2023

How are pay gaps calculated?

The mean average pay for a group (for example males) is calculated by adding together the hourly pay of all employees in this group and dividing the sum by the total number of employees in this group. The mean average pay gap is calculated by comparing one mean average to another (for example males to females).

The median average is the middle point of a range of hourly pay rates arranged in order of value from lowest to highest. If there is an even number in the range, the median is the mean (average) of the two middle numbers. The median average pay gap is calculated by comparing the median average salary of one group to another.

The current picture

Pay difference between men and women

	Mean	Median
Gender pay gap	33.1%	26.1%
Gender bonus gap	67.9%	50.0%

Proportion of employees receiving a bonus

The table below shows the proportion of male and female employees who received a bonus during the 12 month period to 5 April 2023

	Males	Females
Received a bonus	89%	88%

What the data means

While the gender pay gap and equal pay both deal with pay disparity at work, they are not the same measures. Equal pay refers to men and women performing the same work, or work of equal value, receiving the same pay, which is a legal requirement in law that we comply with.

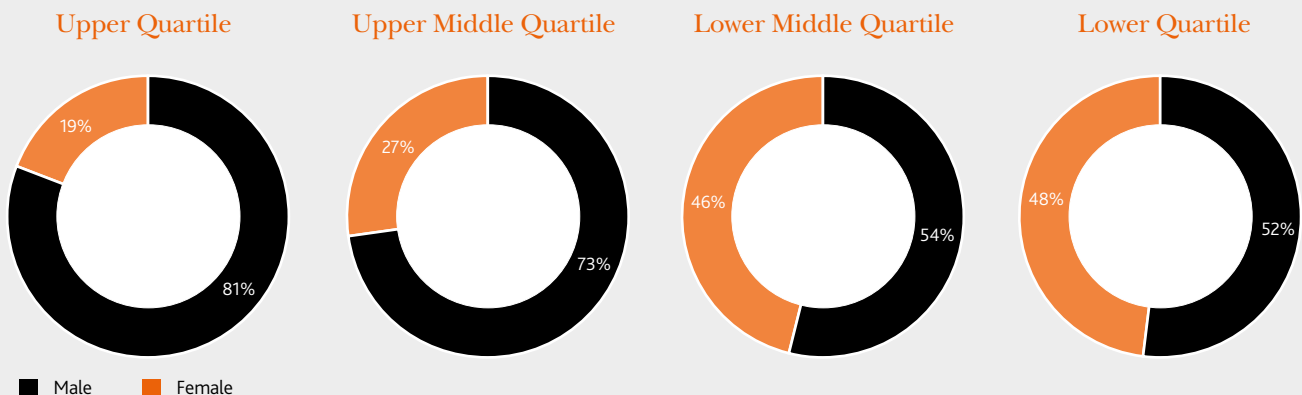
The gender pay gap measures the difference between men and women's average earnings in an organisation and does not consider individual roles or seniority. So, if more women than men are in lower-paid roles there will be a gender pay gap even when an equal pay policy applies.

We know that our 2023 gender pay gap is caused by the fact that we currently have more males in senior positions, which attract higher salaries and larger bonuses, particularly within our underwriting community. This can be seen clearly in the pay quartiles data below where the percentage of females in each quartile decreases as seniority increases and only 19% of those in the upper quartile are female versus 48% in the lower quartile.

We also accept that the structural reasons driving the gender pay gap will take time to address as the demographic challenges faced by Lancashire are common across the (re)insurance sector in which we operate.

Gender representation by quartile

The charts below illustrate the gender distribution in the UK across four equally sized quartiles.



Taking stock and moving forward

As this is our first Gender Pay Gap Report, we are outlining below a number of the actions we are already taking to ensure we continue to be a diverse and fair organisation, and those we expect to take as we reflect on the data we have published.

Attracting and retaining female talent

We continue to evolve our recruitment processes to apply an inclusive lens when working to attract and retain all talent.

All submitted CVs are redacted to remove gender and other identifying details to ensure no prejudice during the recruitment process.

We are about to launch a recruitment toolkit for hiring managers that provides a structured question bank and more guidance on how to improve interview skills and recruit in a way that helps to remove bias from the process.

To address our gender imbalances at senior levels and in underwriting teams, we partner with the Insurance Breakfast Club to provide female focused development through a structured programme. In time, this will support more balanced pipelines and succession plans for senior roles.

Since 2021, Lancashire has introduced a number of new benefits with a particular focus on more inclusive employment policies. These included enhancements to maternity, paternity and adoption leave, and the addition of a benefit of paid leave for IVF treatment, neonatal care and pregnancy loss. Lancashire's UK employees are able to work flexibly, including both flexible working hours and working from home for a period each week. During 2023, we also developed a support framework for employees experiencing the menopause as part of our commitment to providing a safe and inclusive environment.

An internal promotions process runs each year. During 2023, 46 people were promoted and 48% of those were female demonstrating the strength of talent across the business.

Understanding our workforce

We monitor gender diversity data across the Group and have good representation at senior level. As at 31 December 2023, 30% of the Group Board were female and 56% of the Group Executive Committee were female.

Gender data analysis has been enhanced in 2023 to look more broadly across the employment lifecycle at joiner, mover and leaver trends as well as looking at gender representation by level and location.

An enhanced diversity data set will be collected and reported on during 2024 to ensure we continue to learn more about our workforce and identify those areas where we could improve diversity.

Listening to feedback

We believe that giving our people an opportunity to feedback on their experience of working at Lancashire is vital. During 2023, we carried out a confidential survey which was open to all employees. The response rate was extremely high at 87%.

88% of employees said they can 'be themselves at work' and 85% said they believe Lancashire 'treats everyone with fairness, equality and respect'. This is four percentage points higher than the benchmark we track.

Additional analysis of the results is being reviewed by our DE&I Working Group to understand any demographic differences in the way people have responded to the survey. We are committed to tackling any barriers that could prevent Lancashire being the insurance market employer of choice.

Fostering an inclusive culture

The Lancashire DE&I Working Group is formed of employees from across the business. They put forward ideas and proposals to assist the management team in enhancing DE&I across the Group and will play a key role in helping to tackle feedback from a diversity standpoint that has come out from the employee opinion survey.

The Lancashire Employee Network (LEN) also gives all colleagues an opportunity to share knowledge and experiences.

We recognise the important role managers play in creating the right culture and carried out a pilot management development initiative in 2023. The full programme will be rolled out in 2024 for new and existing managers and this will equip them to better support their teams. The training includes sections on inclusive leadership.

Unconscious Bias training has also been delivered for colleagues across Lancashire and all new starters complete mandatory training on diversity and inclusion.



Supporting the wider industry

We recognise that the gender diversity challenges we face are common across the (re)insurance industry and believe it is important to collaborate with our peers and drive change more broadly in addition to focusing on the internal changes we need to drive.

During 2023, Lancashire became a partner / sponsor for the Insurance Insider Progress initiative. Our support will ensure events are free for participants across the industry from all backgrounds. Insider Progress is designed to promote discussions around building an (re)insurance workplace for the future with a focus on DE&I.

Lancashire has also actively supported external initiatives which seek to build more diverse, equitable and inclusive businesses for a number of years. These include the Hampton-Alexander and Davies Reviews on gender diversity; and more recently, the FTSE Women Leaders Review, to improve the representation of women on boards and in leadership positions.

We are fully committed to gender equality in the workplace and to attracting a wide pool of talent to the business. As our 2023 employee survey showed, we have a reputation as a progressive, fair and attractive employer and we value the commitment of all our people as we maintain and build on our positive culture.

85%

of our employees believe that Lancashire treats everyone with fairness, equality and respect.



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